

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
REGIONAL PLANNING COMMITTEE**

Date: 21 March 2007

Subject: **Consultation on Water Metering in Areas of Water Stress**

Report of: Planning Manager

Recommendations:

It is recommended that the Committee:

1. Supports the proposal to require water companies identified as being in areas of serious water stress to consider a programme of compulsory metering as part of their statutory Water Resource Management Plans.
2. Notes the identification of the entire South East England region as an area of serious water stress.
3. Stresses the need to give priority to exploring the use of variable tariffs to mitigate the potential impact of metering on vulnerable customers.

Purpose of Report:

To provide an overview of the DEFRA consultation on water metering in areas of serious water stress, and the Environment Agency consultation on identifying areas of water stress.

Key Issues:

Water metering has been shown to result in reductions in water consumption of around 10%. All new houses are metered, and need to comply with current Building Regulations. Current legislation only allows meters to be installed compulsorily when a property changes occupancy. Much of the existing stock is not metered and has fixtures and fittings that are not water efficient.

The DEFRA consultation seeks views on requiring water supply companies in areas identified as experiencing serious water stress to bring forward, and consult upon, compulsory metering of households as one of a range of measures examined in their statutory Water Resource Management Plans. The parallel Environment Agency consultation sets out criteria to be used in identifying areas of water stress. Applying these it identifies all of the water supply companies in and serving South East England (and all of London and parts of East of England and South West England) as being in the most severe category of "serious water stress".

1. Context

- 1.1 Growing demand from existing and new houses, climate change forecasts for hotter drier summers and higher peak demand for water, and the need to protect the environment means that measures to improve water efficiency are becoming more essential, particularly in our region.
- 1.2 Currently only 28% of homes in England and Wales have meters, with the number rising at 2% per year. The cost of installing a meter is approximately £200, and OFWAT estimate the total cost of metering un-metered homes in areas of serious water stress would be £1 billion. The costs of metering would be borne by water company customers and spread over time according to Water Resource Management Plans (WRMP).

2. Water Metering in Areas of Serious Water Stress

- 2.1 The proposal is that the Secretary of State, following consultation with the Environment Agency, would designate water company areas as being areas of serious water stress. He would then direct those companies in drawing up their WRMPs, to formulate and include an assessment of the costs and benefits of compulsory metering alongside those of other water supply and demand measures. Once the WRMP had been adopted it would allow (but not compel) them to compulsorily meter where it is a cost effective solution to resource constraints.
- 2.2 The duty to prepare WRMPs is expected to commence on 1 April 2007. The timetable for WRMPs is for them to be finalised in 2009. If the proposal under consultation is taken forward it is anticipated that the Secretary of State would issue an interim direction to water companies later this spring.
- 2.3 WRMPs will have to demonstrate the costs and benefits (including reduced demand) of compulsory metering to the water company and its customers. If the final WRMP is approved, compulsory metering would be allowed from April 2010.
- 2.4 Any change in charging will benefit some customers and leave others worse off. The proposal suggests that use of variable or special tariffs could be used to mitigate the impacts on vulnerable and low income households. OFWAT are responsible for approving charging schemes and is working with DEFRA and the Consumer Council for Water to assess the use of tariffs and potential impacts on low income households

3 Identifying Areas of Serious Water Stress

- 3.1 The Environment Agency proposes the following criteria to identify areas of serious, moderate and low levels of waster stress:
 - Current per capita demand for water.
 - Forecast growth in per capita demand for water.
 - Forecast population growth.

- Current water resource availability.
 - Forecast water resource availability.
- 3.2 The assessment has drawn on established data sets. The areas apply to the geographic coverage of individual water supply companies. The results of the assessment identify the following 11 water company areas as being in serious water stress:
- Essex and Suffolk Water
 - Folkestone and Dover Water Services
 - Southern Water
 - Thames Water
 - Three Valleys Water
 - Mid Kent Water
 - Portsmouth Water Ltd
 - Sutton and East Surrey Water
 - Bournemouth and West Hampshire Water
 - Cambridge Water
 - South East Water
- 3.3 All of these companies, with the exception of Essex and Suffolk Water, and Cambridge Water, provide supplies within our region. The classification of the entire region as being in serious water stress is not unexpected.

4. Comments

- 4.1 The proposal to enable water companies to consider a programme of compulsory water metering as part of their water Resource Management Plans should be welcomed and strongly supported.
- 4.2 Members will be aware of the extensive work undertaken by the Environment Agency in conjunction with the water companies and the Assembly in the preparation of the South East Plan that identifies the vulnerability of water resources in the region. As a result the draft South East Plan identifies the need to adopt a twin track approach which provides for both demand management as well as development of new resources. The recent drought and subsequent hosepipe bans have highlighted this to the wider public.
- 4.3 Metering would introduce a direct financial incentive to reduce water consumption, and in turn could also lead to greater demand in water efficient fixtures, fittings and appliances. The cost of compulsory installation of meters will be met by customers through water charges, and some customers (high users) are likely to pay more for their water use than at present, but others will pay less. Priority needs to be given to exploring the use of variable tariffs to mitigate the potential impact of metering on vulnerable customers.

- 4.4 Members will recall that DEFRA has recently consulted on proposals to strengthen the Building Regulations for water efficiency. These would only apply to new buildings or refurbishments requiring building control. Compulsory metering would apply to existing housing stock and should result in behaviour change and saving of water across the board.

5 Conclusions

- 5.1 The combination of compulsory metering, introduction of stronger regulations, and ongoing promotion of additional water efficiency measures including behaviour, are important measures in managing demand for and reducing water consumption. This is important in enabling a sustainable supply-demand balance in public water supply while protecting the environment, including through reducing abstraction. In addition, wider financial and environmental benefits could include saving energy that may be otherwise used in treating and pumping water long distances, reducing carbon emissions.
- 5.2 The proposals set out in the consultation documents are consistent with the draft South East Plan and should therefore be supported.

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